

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF
WABASH TOWNSHIP
PARKE COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
11/06/2006

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OFFICIALS

Office

Official

Term

Trustee

Pamela S. Sanders

01-01-03 to 12-31-06

Chairman of the
Township Board

Gary Carroll

01-01-04 to 12-31-06



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF WABASH TOWNSHIP, PARKE COUNTY, INDIANA

We attempted to examine the schedules of receipts, disbursements, and cash and investment balances of Sugar Creek Township (Township), for the period of January 1, 2004 to December 31, 2005. The Township's management is responsible for the schedules.

Except as described in the following paragraph, our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the schedule of receipts, disbursements, and cash and investment balances and performing such other procedures as we considered necessary in the circumstances.

Financial records presented for audit for the years ended December 31, 2004 and 2005, were incomplete and not reflective of the activity of the Township's funds. The records presented did not provide sufficient information to examine or establish receipts, disbursements, ending balances, or the accuracy or correctness of the transactions. Accordingly, the financial information for the years ended December 31, 2004 and 2005, is not presented in the accompanying schedules. As a result, the validity and accountability of cash and investments as of January 1, 2006, could not be established.

Since records were not in the proper condition or not available to audit as described in the preceding paragraph, and we were unable to apply alternative auditing procedures, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on whether schedules referred to above present fairly, in all material respects, the cash transactions of the Township for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

September 7, 2006

WABASH TOWNSHIP, PARKE COUNTY
EXAMINATION RESULTS AND COMMENTS

BOARD MINUTES

Meetings of the governing body were not available for examination.

Indiana Code 5-14-1.5-4(b) states: "As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under IC 5-1.5-2-2.5 or IC 20-12-63-7."

ANNUAL REPORT

An annual report for 2005 was not presented for audit.

Indiana Code 5-11-1-4 states in part:

"(a) The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. . . . these reports shall be prepared, verified, and filed with the state examiner not later than thirty (30) days after the close of each fiscal year."

CONDITION OF RECORDS

- (1) Record balances were not reconciled to depository balances. Depository statements and cancelled checks were not available for review.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

- (2) There were a considerable number of posting errors. These errors included deposits not receipted, checks not recorded, local tax distributions not posted to the proper funds and interest not posted. Checks were voided, however the originals were not provided for audit.

WABASH TOWNSHIP, PARKE COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

MILEAGE REIMBURSEMENT

Some employees were reimbursed for mileage without documenting date and distance traveled on Mileage Claim, General Form 101.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PRESCRIBED FORMS

The following prescribed forms were not in use:

Township Form TA-1 (Application for Township Assistance)
Mileage Claim Form 101
Trustee's General Record Form 14 (Board Minutes)
Township Trustee's (Abstract) Report of Receipts and Disbursements
for the Calendar Year Form 15 (Annual Report)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

DISBURSEMENT DOCUMENTATION

Several of the claims examined were not supported by an invoice. One payment was not distributed to the correct fund. One disbursement was recorded at an incorrect amount. The Township did not present the cancelled checks for review. Township Assistance was paid without properly prepared and investigated Township Assistance applications. Due to the lack of supporting information, the validity and accountability for some monies disbursed could not be established.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

APPROPRIATIONS

The records presented for audit indicated that expenditures were made without budgeted appropriations.

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

WABASH TOWNSHIP, PARKE COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

Withholdings were not properly made from all wages paid. Federal tax forms (Form W-2 and Form 941) detailing the payments, were presented for review. The withholdings made from wages in 2005 have not been paid to the federal government.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CERTIFIED REPORT NOT FILED

The Township did not file a Certified Report of Names, Addresses, Duties and Compensation of Public Officers and Employees, Form 100-R with the State Board of Accounts for the years 2004 and 2005.

Indiana Code 5-11-13-1 states in part: "Every . . . township . . . shall during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts."

DEPOSIT OF PUBLIC FUNDS

We noted the Trustee was not making regular deposits. One tax distribution made November 1, 2004, was not deposited until January 26, 2005. One tax distribution made May 4, 2005, was deposited on July 24, 2005.

Indiana Code 5-13-6-1(c) states in part: "The public funds collected by township trustees shall be deposited in the designated depository on or before the first and fifteenth day of each month."

WABASH TOWNSHIP, PARKE COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

TIMELY RECORDKEEPING

We noted instances of months from the time of the original date of the transactions until entry on the records.

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

WABASH TOWNSHIP, PARKE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 7, 2006, with Pamela S. Sanders, Trustee.
The official concurred with our findings.